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## Planning Commission Study Session

**TO:** PLANNING COMMISSION

**FROM:** ASHLEE MACDONALD, AICP, SENIOR PLANNER *Am*  
(480) 503-6748, ASHLEE.MACDONALD@GILBERTAZ.GOV

**THROUGH:** AMY TEMES, INTERIM PRINCIPAL PLANNER *At*  
(480) 503-6729, AMY.TEMES@GILBERTAZ.GOV

**MEETING DATE:** FEBRUARY 6, 2019

**SUBJECT:**

- A. GP18-17, KB HOMES ELLIOT AND MCQUEEN - REQUEST FOR MINOR GENERAL PLAN AMENDMENT TO CHANGE THE LAND USE CLASSIFICATION OF APPROX. 13.62 ACRES GENERALLY LOCATED AT THE NORTHWEST CORNER OF ELLIOT AND MCQUEEN ROADS FROM COMMUNITY COMMERCIAL TO RESIDENTIAL > 3.5-5 DU/ACRE.
- B. Z18-32, KB HOMES ELLIOT AND MCQUEEN: REQUEST TO AMEND ORDINANCE NO. 507 PERTAINING TO THE PROVIDENT PROPERTIES PLANNED AREA DEVELOPMENT (PAD) BY REMOVING FROM THE PROVIDENT PROPERTIES PAD APPROXIMATELY 13.62 ACRES GENERALLY LOCATED AT THE NORTHWEST CORNER OF ELLIOT AND MCQUEEN ROADS; REZONING SAID REAL PROPERTY FROM 13.62 ACRES OF COMMUNITY COMMERCIAL (CC) ZONING DISTRICT WITH A PAD OVERLAY TO SINGLE FAMILY – ATTACHED (SF-A) WITH A PAD OVERLAY; AND APPROVING THE DEVELOPMENT PLAN FOR THE ELLIOT AND MCQUEEN PAD.

**STRATEGIC INITIATIVE:** Community Livability

Approval of this minor General Plan amendment and rezoning will remove commercial land uses and replace it with development of a residential community.

**RECOMMENDED MOTION**

A. No motion requested, and

B. No motion requested.

**APPLICANT/OWNER**

Company: Pew & Lake, PLC  
Name: Sean Lake/DJ Stapley  
Address: 1744 S. Val Vista Dr. Ste 217  
Mesa, AZ 85204  
Phone: 480-461-4670  
Email: sean.lake@pewandlake.com

Company: McQueen Plaza, LLC  
Name: Kiarash Neman  
Address: 1101 E. 14<sup>th</sup> St  
Los Angeles, CA 90021

**BACKGROUND/DISCUSSION****History**

<b>Date</b>	<b>Description</b>
<i>June 5, 1984</i>	Town Council approved A83-02 (Ord. No. 377) annexing the subject site into the Town
<i>March 24, 1987</i>	Town Council approved Z86-53 (Ord. No. 507) rezoning the subject site

**Overview**

The subject site is comprised of approximately 13.48-gross acres generally located at the northwest corner of Elliot and McQueen Roads. The applicant has proposed a minor General Plan amendment to change the land use designation from Community Commercial to Residential R > 3.5 – 5 DU/Acre. This vacant property is currently zoned Community Commercial (CC) and is part of the Provident Properties Planned Area Development (PAD). The applicant is requesting a zoning change to Single-Family Attached (SF-A) with a PAD overlay for the development of sixty-six (66) single-family attached lots (duplex units) for an overall density of approximately 4.89 gross DU/Acre.

**Surrounding Land Use & Zoning Designations:**

	<b>Existing Land Use Classification</b>	<b>Existing Zoning</b>	<b>Existing Use</b>
North	Community Commercial (CC) and Light Industrial (LI)	Community Commercial (CC) PAD and Light Industrial (LI) PAD	Vacant, commercial and industrial development

South	Community Commercial (CC)	Community Commercial (CC)	Elliot Road, then vacant
East	Community Commercial (CC) and Residential > 3.5 – 5 du/acre (R>3.5-5)	Community Commercial (CC) and Single Family – Detached (SF-D) PAD	McQueen Road then commercial and residential (Enclave at Northshore) development
West	Light Industrial (LI)	Light Industrial (LI) PAD	Industrial development
Site	Community Commercial (CC)	Community Commercial (CC) PAD	vacant

## General Plan

General Plan Land Use Map classifies the properties as Community Commercial. The land uses are intended to encourage a variety of development opportunities, ranging from mixed-use to neighborhood scale commercial uses, which support the large employment base to the west and southwest as well as the established residential neighborhoods to the north and southeast. The applicant is proposing a change from Community Commercial to Residential > 3.5 – 5 DU/Acre to allow for the development of a residential community.

A critical component of building a resilient Gilbert is ensuring that our community has a balance of land uses and job opportunities. Commercial land uses provide supporting goods and services to large employment areas. Protection of land designated for non-residential uses, such as the subject site, is a key to achieving long term sustainability. A number of policies in the General Plan support the existing non-residential land use or would support a change from Community Commercial to another non-residential land use classification that would remain compatible with the surrounding employment uses:

Chapter 2 Land Use and Growth Areas:

Policy 1.5 Designate and protect sites for employment uses in appropriate locations to increase the Town's employment base.

Chapter 9 Economic Development:

Policy 1.5 Encourage the protection and expansion of the land (and/or densities) designated in the General Plan for employment uses.

Policy 4.6 Attract, retain and grow unique retail businesses that serve a regional customer base as a means to increase Gilbert's sales tax revenues.

However, the applicant believes that the proposed land use change complies with the following General Plan policies:

Consistency with General Plan Goal – *Promoting Gilbert as a community in which to live, work, and play* by: Providing a diversity of housing opportunities within the Town through

incorporation of various homesite sizes and corresponding home sizes {Land Use and Growth Areas: Goal 1, Policy 1.3}.

Consistency with General Plan Goal – *Protecting exiting rural residential uses from the impacts of new suburban development* by: Providing appropriate and compatible medium/high density lot sizes adjacent to the north, and west property boundaries {Land Use and Growth Areas: Goal 2, Policy 2.2}.

Consistency with General Plan Goal – *Promote Infill Development* by: Providing the community an alternative housing option in an already established area. The proposal offers a unique higher density duplex product that is not currently offered in this area. {Housing and Conservation: Goal 1, Policy 1.1}.

## **Rezoning**

The proposed site plan has been designed with one single-family attached product that sits on a 65'x102' typical lot. The proposed site plan includes sixty-six (66) lots achieving a density of 4.89 gross DU/Acre. The development is proposed to be a gated community that will include a private street network. One access point is provided off of McQueen Road and a secondary emergency-only access off of Elliot Road is also shown. Although the applicant is requesting a PAD, no deviations are being requested. The applicant is seeking to lock in the development plan.

With the proximity to adjoining developed industrial land uses and the Gilbert Spectrum industrial development on the south side of Elliot Road, there is concern with the compatibility of a residential development at this location. Residential homes adjacent to existing and future industrial tenants limits employment marketability, site design and permitted uses. Residential uses directly adjacent to industrial can be negatively affected by smells, hazardous materials, noise and hours of operation that are not compatible with the day to day activities of residents.

First review comments were recently provided to the applicant. Primary areas to address include:

- Increased open space within the community. The amenity area makes up 4% of the project site with large portions of the remaining open space providing little benefit to the residents (open space behind lots 10-18, and the retention basin at the SWC with its very narrow opening into the community)
- Increased street frontage landscaping. A 30' landscape easement exists along McQueen and Elliot Roads. Additionally, the private street must not encroach in the 50'x250' arterial intersection landscape setback.
- A signal will be installed for the Spectrum development to the south; the applicant should consider providing access at this signalized intersection.
- Lack of appropriate transition between the existing industrial development and the proposed residential.
- Guest Parking – a number of guest parking spaces will need to be relocated due to the designed street widths not accommodating parking on both sides of the street.



**Project Data Table**

<b>Site Development Regulations</b>	<b>Existing zoning CC</b>	<b>Required per LDC SF-A</b>	<b>Proposed</b>
Minimum Lot Area (sq. ft. per DU)	N/A	2,000	2,000
Maximum Height (ft.)/Stories	35'/2 stories	36'/3 stories	36'/3 stories
Minimum Building Setbacks (ft.)			
Front	20'	10'	10'
Side	15' (street) 10' (non-residential)	0'	0'
Rear	15'	10'	10'
Maximum Lot Coverage (%)			
One Story	NA	65%	65%
Two Story	NA	55%	55%

**PUBLIC NOTIFICATION AND INPUT**

A neighborhood meeting was held on September 13, 2018 at 6:00pm at the McQueen Park Activity Center. No residents attended the meeting.

**PROPOSITION 207**

An agreement to "Waive Claims for Diminution in Value" pursuant to A.R.S. § 12-1134 was signed by the landowners of the subject site, in conformance with Section 5.201 of the Town of Gilbert Land Development Code. This waiver is located in the case file.

**STAFF RECOMMENDATION**

- A. Staff requests Planning Commission input; and
- B. Staff requests Planning Commission input.

Respectfully submitted,



Ashlee MacDonald, AICP  
Senior Planner

**Attachments and Enclosures:**

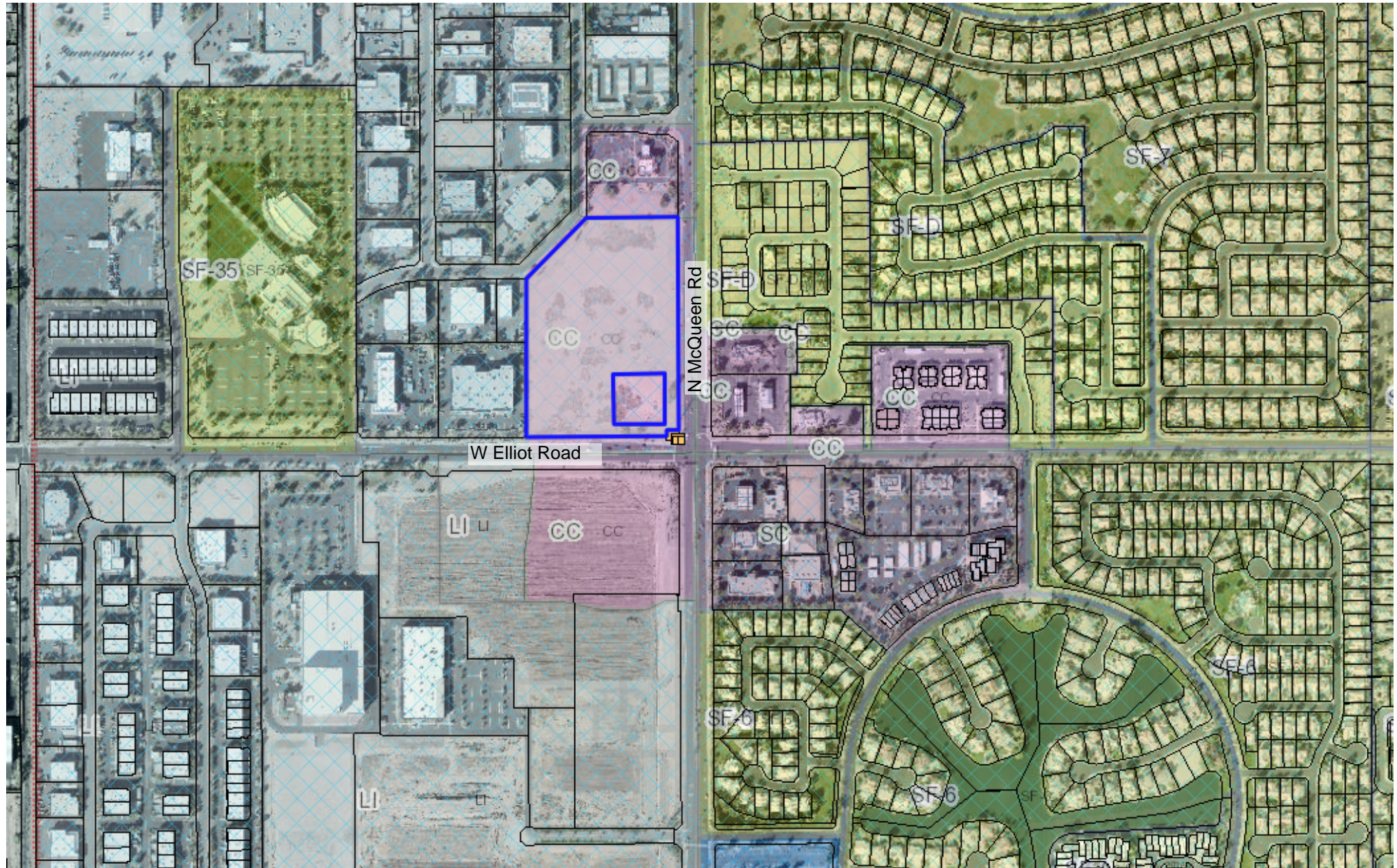
- 1) Vicinity Map
- 2) Land Use Exhibit
- 3) Zoning Exhibit
- 4) Development Plan
- 5) Parking Plan
- 6) Applicant's Market Analysis



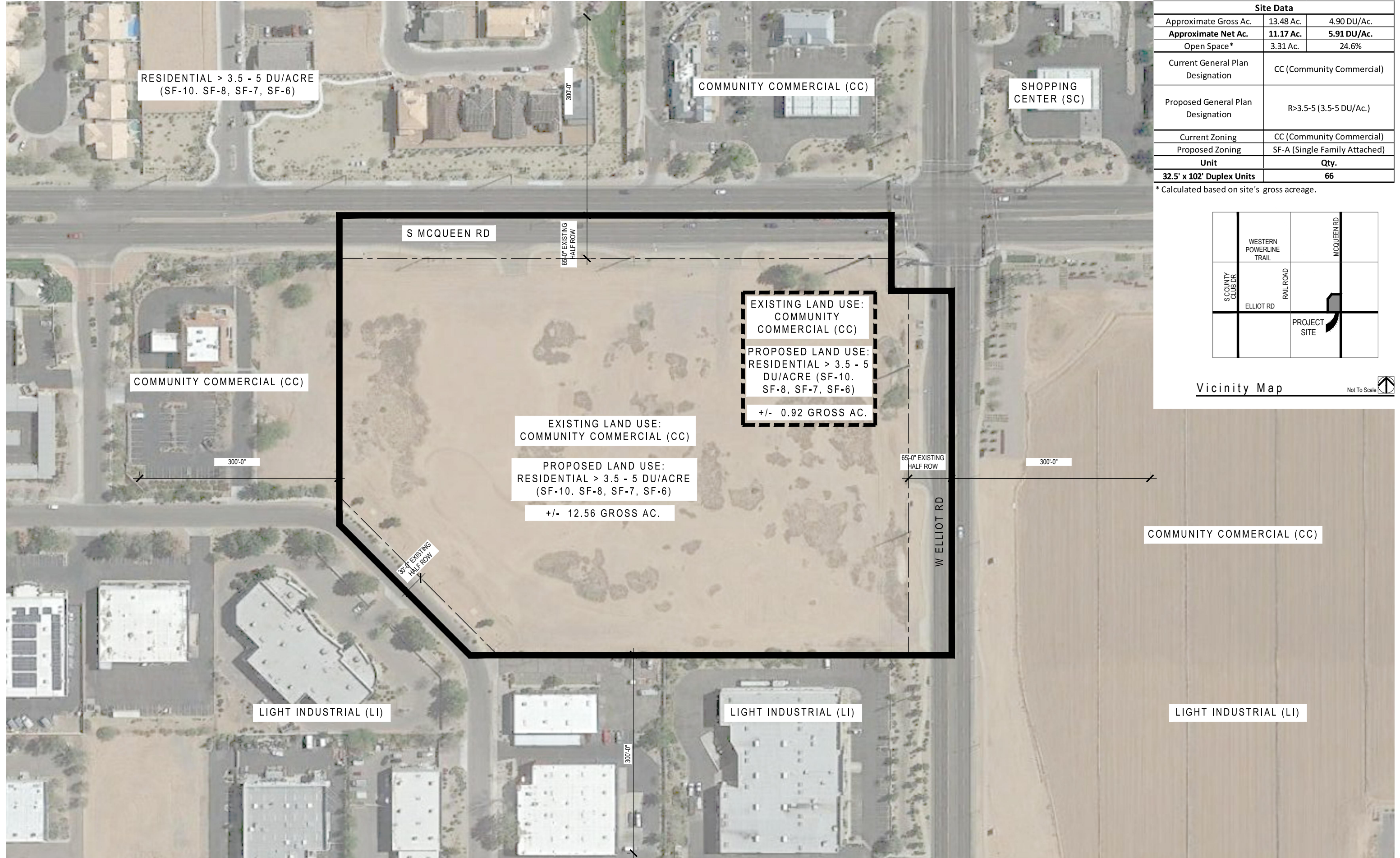
## Vicinity Map

GP18-17/Z18-32 KB Homes Elliot and McQueen  
Attachment 1: Vicinity Map  
February 6, 2019

### GP18-17 and Z18-32 - KB Homes Elliot and McQueen NWC Elliot and McQueen Roads

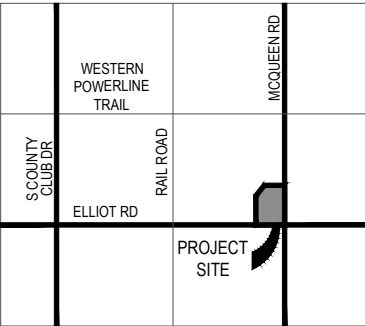






Site Data		
Approximate Gross Ac.	13.48 Ac.	4.90 DU/Ac.
Approximate Net Ac.	11.17 Ac.	5.91 DU/Ac.
Open Space*	3.31 Ac.	24.6%
Current General Plan Designation	CC (Community Commercial)	
Proposed General Plan Designation	R>3.5-5 (3.5-5 DU/Ac.)	
Current Zoning	CC (Community Commercial)	
Proposed Zoning	SF-A (Single Family Attached)	
Unit	Qty.	
32.5' x 102' Duplex Units	66	

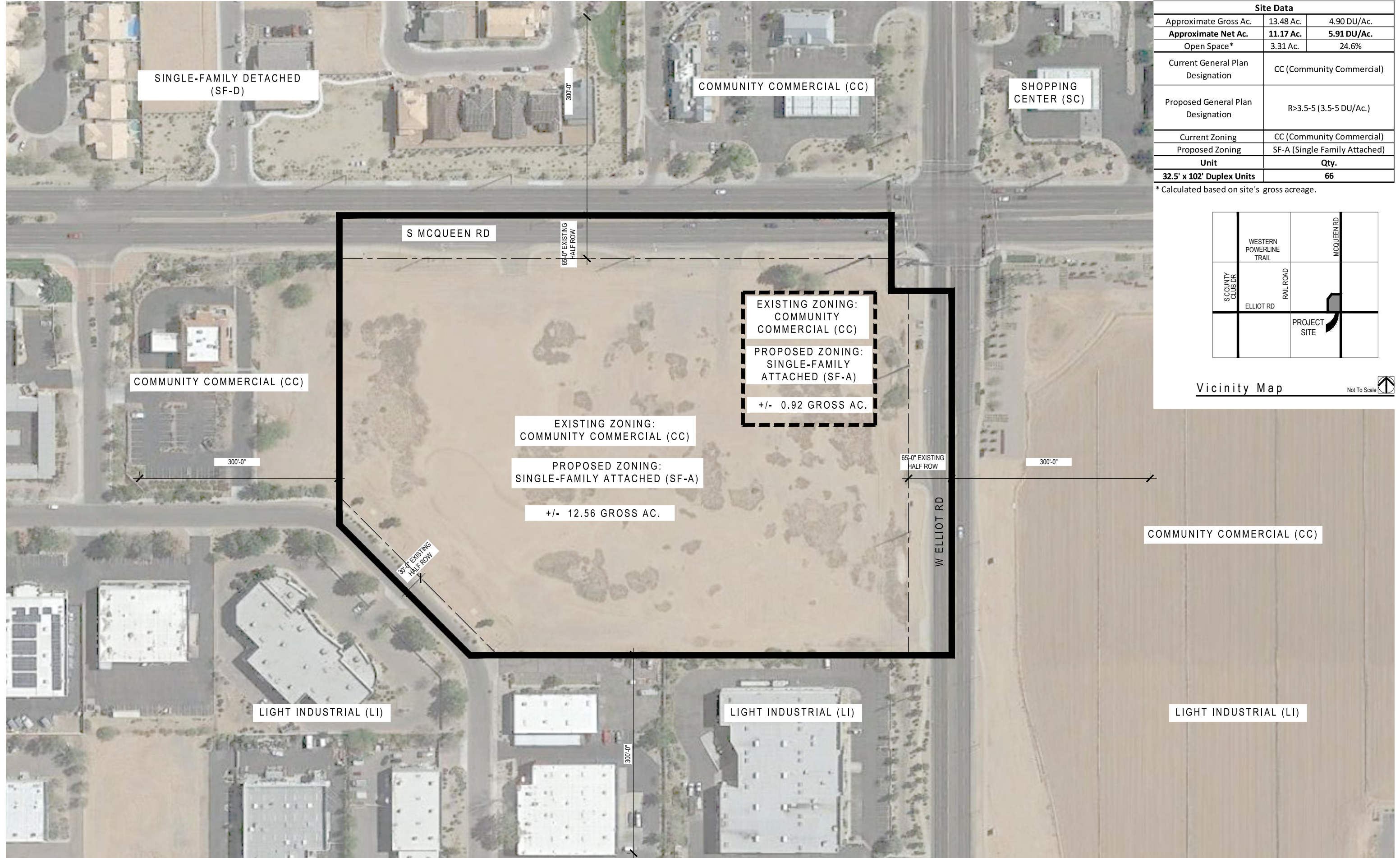
\* Calculated based on site's gross acreage.



Vicinity Map Not To Scale

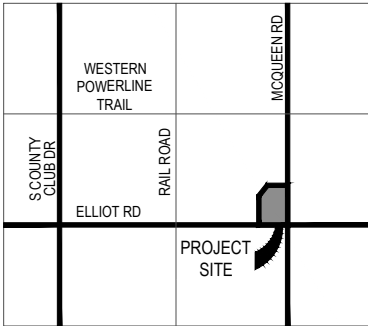






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32.5' x 102' Duplex Units	66	

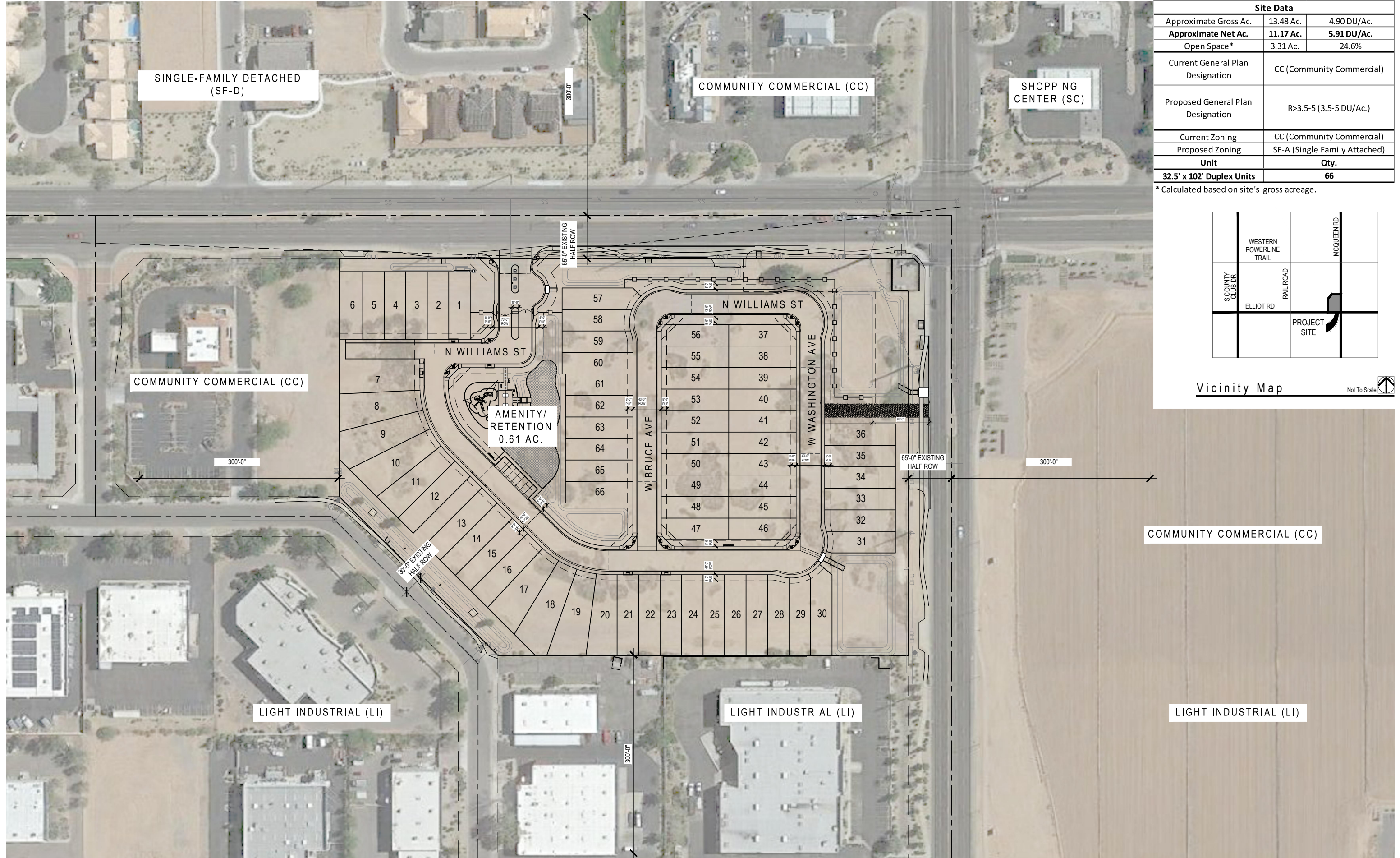
\* Calculated based on site's gross acreage.



Vicinity Map Not To Scale

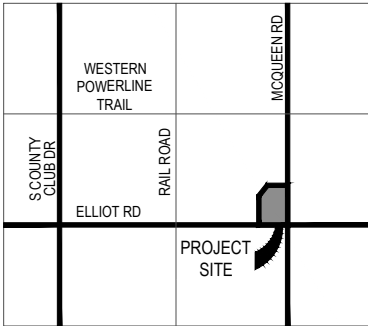






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Proposed Zoning	SF-A (Single Family Attached)	
Unit	Qty.	
32.5' x 102' Duplex Units	66	

\* Calculated based on site's gross acreage.



Vicinity Map Not To Scale



GP18-17/Z18-32 KB Homes Elliot and McQueen  
Attachment 4: Development Plan  
February 6, 2019

# Elliot & McQueen

Development Plan

plan scale 1:60  
date: 12.03.18

andersonbaron  
plan · design · achieve  
50 n. mcclintock drive, ste 1  
chandler, arizona 85226  
ph. 480.699.7956 f.480.699.7986





PARKING DATA			
SYMBOL	DESCRIPTION	REQUIRED	PROVIDED
	UNITS	66 LOTS	
	ENCLOSED SPACES (GARAGE)	132	132
	PARKING (DRIVEWAY)	NONE	NONE
	PARKING (ON-STREET)	33	37
PARK AREA			
	PARKING (HANDICAP)	1	1
	PARKING (90 DEGREE)	5	6
	TOTAL PARKING	171	176
	REFUSE PICK-UP LOCATION (3x3 CAN WITH 2' CLEARANCE ON EITHER SIDE)		







Date: January 29, 2019

To: KB Homes

From: Rounds Consulting Group, Inc.

Re: Elliot & McQueen Market Study

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## **Introduction**

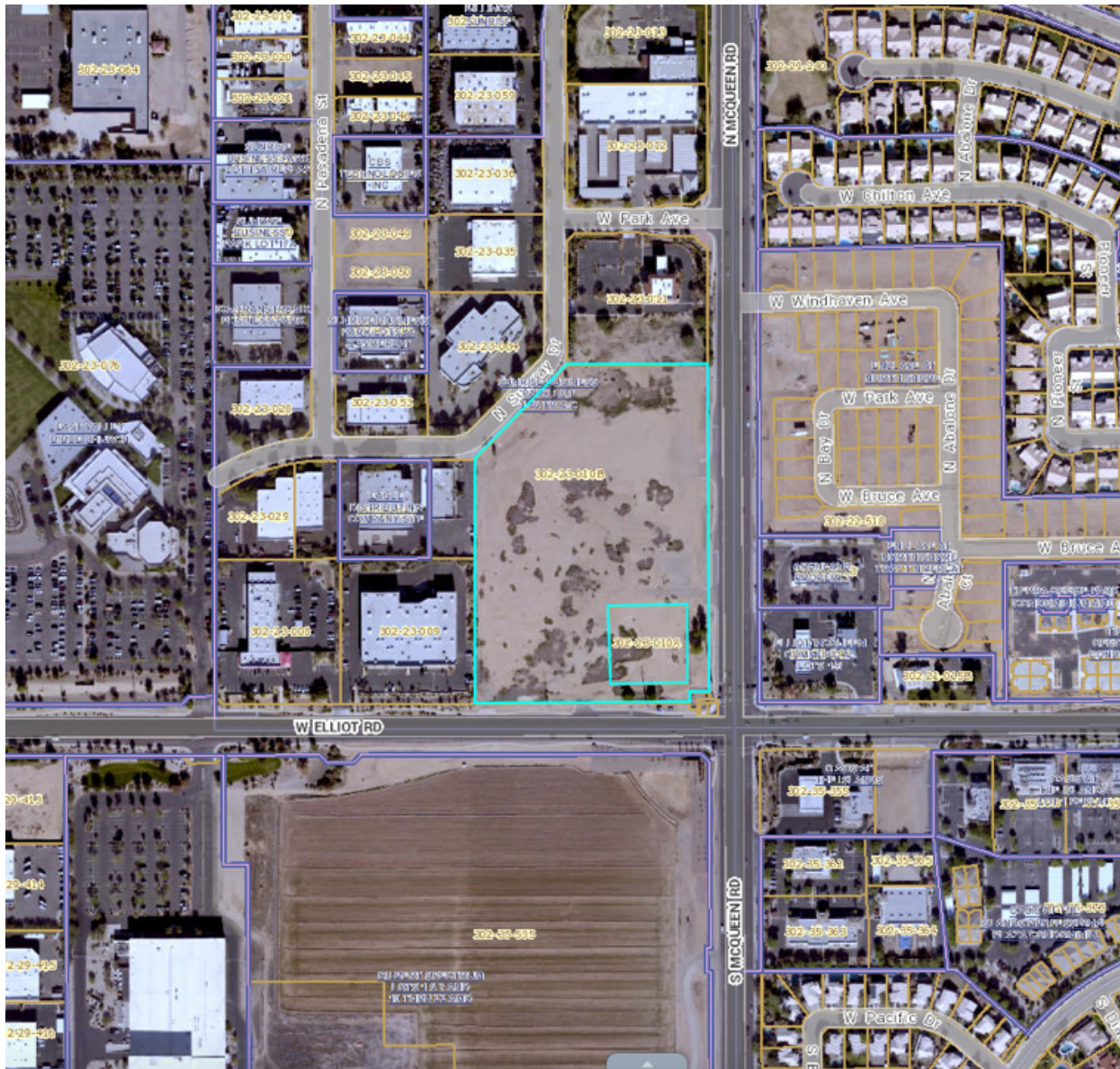
As part of the submittal requirements established by the Town of Gilbert ("Town", or "Gilbert") for amending the Town's General Plan and rezoning, Rounds Consulting Group, Inc. ("RCG") was retained to provide a high-level market study for the proposed Elliot and McQueen residential development.

Located at the northwest corner of Elliot Road and McQueen Road, the proposed residential development will include 66 residential dwelling units on the 13.48-acre site. The vacant site has a current General Plan designation of Community Commercial and is zoned as Community Commercial ("CC"). KB Homes is requesting a minor amendment to the Town's General Plan from its existing designation to Residential > 3.5-5 and requesting for the site to be rezoned from Community Commercial to Single Family-Attached ("SF-A").

The site is bound by vacant and commercial property to the north; commercial property and single family residential homes to the east; vacant/underutilized property to the south; and light industrial and a church complex to the west.



Study Area: NW Corner of Elliot and McQueen Roads



Source: Maricopa County Assessor's Office





As proposed, the rezoning would allow for a gated residential community to be developed with 66 duplex housing units. The proposed site plan follows.

### Proposed Conceptual Site Plan



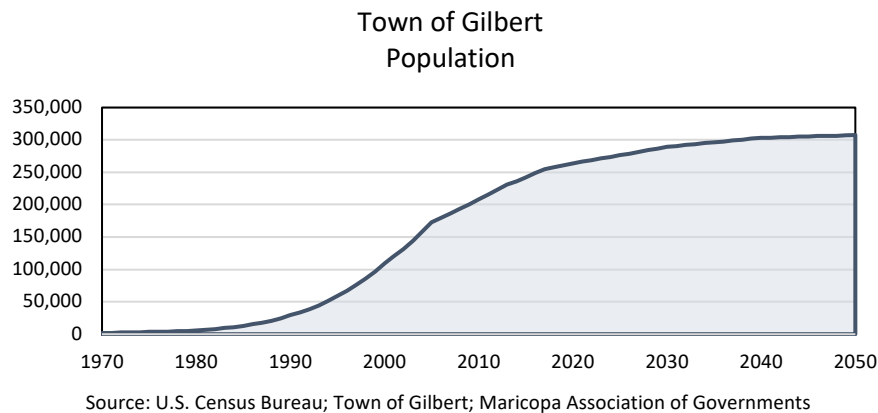
Source: KB Homes



## Market Analysis

**Population:** Gilbert is home to approximately 245,000 residents. The median age of the Town's population is 33.3. Over the past decade the Town has realized considerable growth. Since 2007, the population count has increased 25% according to the Arizona Office of Economic Opportunity. By 2030, the Town's population is expected to be over 300,000 as the community is fully built out.

The median household size in the Town is 3.15, compared to 2.75 for Maricopa County, indicating a larger than average share of families. The Town's median household income is \$85,600, which is approximately 55% higher than the region's median income.



**Employment:** According to the Maricopa Association of Governments ("MAG"), 91,900 people were employed within the Town as of 2015. By 2050, the number of people employed is expected to reach 157,700.

According to the U.S. Census Bureau, the Town's occupational composition is more heavily concentrated on management, businesses, science, and arts occupations and sales and office occupations (which include business and financial, architectural and engineering, educational, and healthcare practitioners) than service type occupations, natural resource, construction and maintenance occupations, and production and transportation occupations.

**Town of Gilbert  
Occupational Composition**

Occupations	Percent of Total	Median Earnings
Management, business, science, and arts occupations:	47.6%	\$63,400
Service occupations:	13.6%	\$21,000
Sales and office occupations:	27.4%	\$36,300
Natural resources, construction, and maintenance occupations:	5.0%	\$47,800
Production, transportation, and material moving occupations:	6.4%	\$35,500

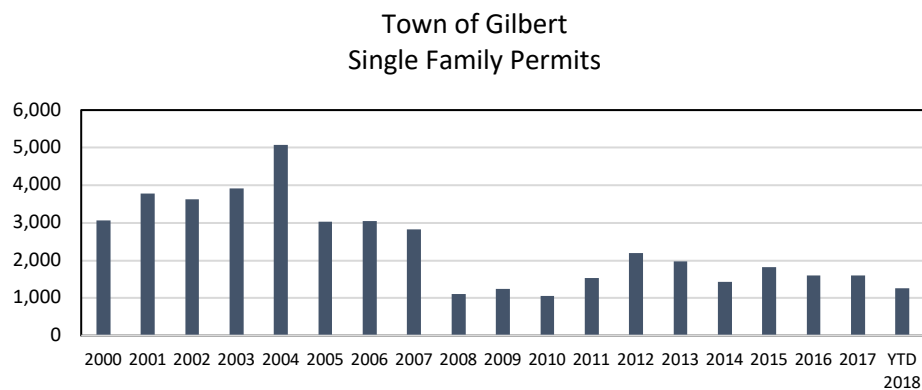
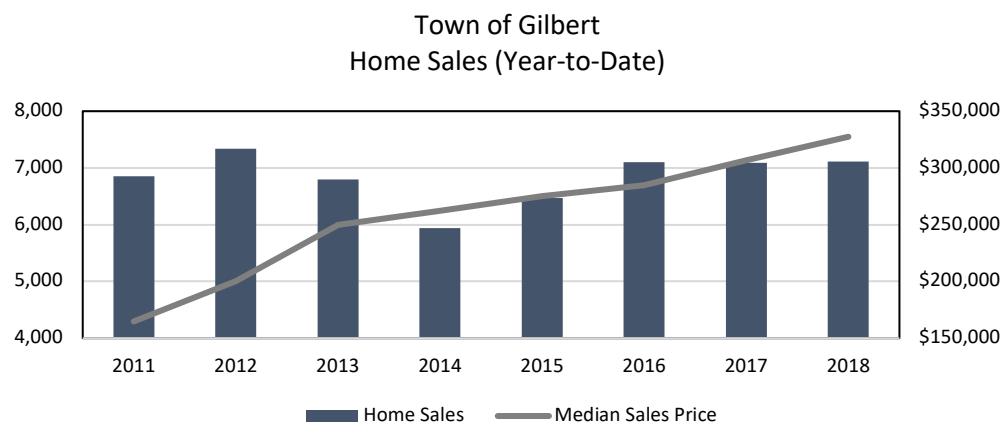
Source: U.S. Census Bureau



**Housing:** According to MAG, the Town of Gilbert has roughly 84,800 housing units. By 2030, as the community reaches build-out that is expected to increase 20% to 101,900 housing units. Approximately 88.7% of the Town's housing units are single family housing units – where 97.0% of those are detached homes and 3.0% are attached homes. The Town has considerably more homeowners than renters. Approximately 72.1% of occupied housing units are owner-occupied and 27.9% are renter-occupied. The median value of owner-occupied homes was \$286,400.

Housing sales remained relatively flat over the past year despite the healthy economy. Cromford Associates LLC reports a 0.3% increase in housing sales over the past year (as of November 30, 2018). The median sales price of homes sold in Gilbert was \$327,500 as of November 2018 – up 6.7% from the previous year. The median sales price of new homes was \$384,800 compared to \$319,000 for normal resales.

Over the past two years, permitting of single family homes in Gilbert has remained relatively flat around 1,600 annual home permits. Significantly lower than the pre-recession levels and unlike the Greater Phoenix market – which has realized annual increases since 2014.





**Retail Market:** According to CoStar, Gilbert's retail leasing activity slowed at the end of 2018. The vacancy rate ticked upwards from 5.9% in the third quarter of 2018 to 6.5% in the fourth quarter of 2018. Within 3 miles of the site, the fourth quarter vacancy rate settled at 7.7%.

After several years of elevated construction activity, CoStar expects retail developments will slow over the next couple of years. This is due to the continued rise in e-commerce and evolving buying patterns. Another setback for new construction is the looming closures of big-box retailers – which will likely be redeveloped to support alternative uses since they are often located in desirable locations.

**Town of Gilbert  
Retail Market**

Quarter	Inventory Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	NNN Lease Rate	Net Absorption Sq. Ft.	Under Construction Sq. Ft.
2018 Q4	12,585,225	817,535	6.5%	\$18.39	-11,212	149,232
2018 Q3	12,518,858	741,329	5.9%	\$17.99	200,244	118,599
2018 Q2	12,403,097	824,439	6.6%	\$18.06	94,008	192,128
2018 Q1	12,343,762	860,312	7.0%	\$18.14	8,692	246,463
2017 Q4	12,298,205	826,001	6.7%	\$18.76	144,240	210,626
2017 Q3	12,135,994	808,668	6.7%	\$18.85	303,024	235,493
2017 Q2	11,855,254	829,352	7.0%	\$18.08	76,873	458,744
2017 Q1	11,771,201	821,840	7.0%	\$18.33	58,851	359,468
2016 Q4	11,707,302	816,792	7.0%	\$17.93	79,543	357,857
2016 Q3	11,665,848	852,421	7.3%	\$17.48	119,518	145,914
2016 Q2	11,575,078	881,169	7.6%	\$17.41	195,907	139,264
2016 Q1	11,409,173	926,329	8.1%	\$16.50	39,647	236,064
2015 Q4	11,364,687	922,590	8.1%	\$16.07	21,844	222,939
2015 Q3	11,332,638	910,585	8.0%	\$16.92	47,713	80,490

Source: CoStar

**3-Mile Radius from Site  
Retail Market**

Quarter	Inventory Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	NNN Lease Rate	Net Absorption Sq. Ft.	Under Construction Sq. Ft.
2018 Q4	9,540,796	739,402	7.7%	\$15.03	8,816	97,500
2018 Q3	9,540,796	748,218	7.8%	\$14.68	140,581	10,000
2018 Q2	9,540,796	888,799	9.3%	\$14.68	84,738	10,000
2018 Q1	9,540,796	973,537	10.2%	\$14.37	154,163	5,000
2017 Q4	9,529,678	1,116,582	11.7%	\$15.09	37,753	16,118
2017 Q3	9,529,678	1,154,335	12.1%	\$14.84	-59,465	11,118
2017 Q2	9,497,555	1,062,747	11.2%	\$14.81	-2,330	43,241
2017 Q1	9,484,214	1,047,076	11.0%	\$14.72	25,139	45,464
2016 Q4	9,478,614	1,066,615	11.3%	\$14.63	62,708	41,486
2016 Q3	9,478,614	1,129,323	11.9%	\$14.69	29,923	35,886
2016 Q2	9,488,814	1,169,446	12.3%	\$14.72	-37,916	13,341
2016 Q1	9,504,065	1,146,781	12.1%	\$14.35	7,057	59,125
2015 Q4	9,509,284	1,159,057	12.2%	\$14.44	29,777	47,734
2015 Q3	9,509,284	1,188,834	12.5%	\$14.34	47,431	38,134

Source: CoStar



**Retail Land:** According to the Town of Gilbert, 30.2% (about 990.5 acres) of the Town's retail land is vacant. Of that, about 10.9% (about 107.9 acres) is specifically zoned for Community Commercial (CC).

Within the market area (3-mile radius), there is approximately 18.0 acres of vacant CC land in Gilbert. In addition to that, there is another 82.4 acres of vacant commercial land available for development within the market area.

**Town of Gilbert  
Available Land (Acres)**

Land Use Code	Total	Vacant	Vacancy Rate
NC (Neighborhood Commercial)	215.9	62.8	29.1%
CC (Community Commercial)	392.0	107.9	27.5%
SC (Shopping Center)	745.3	163.1	21.9%
GC (General Commercial)	710.4	156.5	22.0%
RC (Regional Commercial)	1,146.9	456.9	39.8%
VC (Village Center)	68.4	43.3	63.2%
<b>Total</b>	<b>3,278.9</b>	<b>990.5</b>	<b>30.2%</b>

Source: Town of Gilbert; Maricopa County Assessor's Office

Vacant within 3-Miles
0.8
18.0
16.0
27.9
21.8
15.9
<b>100.4</b>

**Future Retail Land Demand:** The Town has approximately 990.5 acres of available retail land. Applying a Floor Area Ratio (FAR) of 0.3, Gilbert will have a total of 12.9 million square feet of land on which to occupy building space for retail use. The long-term annual absorption rate for retail space in Gilbert is approximately 750,000 square feet. If the total available retail land is built and completely absorbed, Gilbert would not exhaust its supply of land for retail use until the year 2035.

Given that the Town is expected to approach built-out by roughly 2035, and full absorption (vacancy rate of 0%) is unlikely, there appears to be adequate supply of retail land to meet future demand. Even if there would be a shortage of retail land, retail will adapt to shortages through an increase in sales per square foot.

### **Findings/Conclusions**

A review of the Town's economic characteristics and development trends supports the conclusion that changes from retail uses to residential uses is appropriate at this particular site.

- The property has remained vacant for more than 30 years.
- There appears to be an adequate supply of vacant and underutilized land available zoned for retail use within close proximity of the site and throughout the Town.
- Available alternatives exist for retail uses in the Town and immediate area.
- Housing supply is still lagging demand. This could cause further advances to housing affordability issues, thus additional product and density opportunities should be explored.

**Conclusion:** Given the Town's retail development trends, available retail alternatives, and the fact that there is immediate demand for residential use by the current landowner, it is recommended the Town approve the land use amendment and rezoning.